

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF THE ITALIAN REPUBLIC
CONCERNING
RECIPROCAL DEFENSE PROCUREMENT

PREAMBLE

The Government of the United States of America and the Government of the Italian Republic, hereinafter referred to as "the Parties",

Noting the Memorandum of Understanding between the Government of Italy and the Government of the United States of America Concerning the Principles Governing Mutual Cooperation in the Research, Development, Production, and Procurement of Defense Equipment, dated September 11, 1978, as amended,

BEARING in mind their partnership in the North Atlantic Treaty Organization;

DESIRING to promote the objectives of rationalization, standardization, interoperability, and mutual logistics support throughout their defense relationship;

DESIRING to develop and strengthen the friendly relations existing between them;

DESIRING to enhance and strengthen each country's industrial base;

DESIRING to promote the exchange of defense technology consistent with their respective national policies;

DESIRING to make the most cost-effective and rational use of the resources allocated to defense;

SEEKING to achieve and maintain fair and equitable opportunities for the industry of each country to participate in the defense procurement programs of the other;

DESIRING to remove discriminatory barriers to procurements of defense supplies or services produced by industrial enterprises of the other country to the extent mutually beneficial and consistent with national laws, regulations, policies, and international obligations,

HAVE agreed as follows:

ARTICLE I Applicability

This Memorandum of Understanding (MOU) covers the acquisition of defense capability by the Department of Defense of the United States of America and the Ministry of Defense of the Italian Republic through:

1. Research and development;
2. Procurement of supplies, including defense articles; and
3. Procurement of services, including defense services.

This MOU does not cover:

1. Construction; or
2. Construction material supplied under construction contracts.

ARTICLE II

Principles Governing Mutual Defense Cooperation

A. Each Party recognizes and expects that the other uses sound processes for requirements definition, acquisition, and procurement and contracting, and that these processes both facilitate and depend on transparency and integrity in the conduct of procurements. Each Party shall ensure that its processes are consistent with the procurement procedures in Article V of this MOU.

B. Each Party shall, consistent with its laws, regulations, policies, and international obligations, give favorable consideration to all requests from the other Party for cooperation in defense capability research and development, production, procurement, and logistics support.

C. Consistent with its laws, regulations, policies, and international obligations, each Party shall:

1. Facilitate defense procurement while aiming at a long-term, equitable balance in their purchases, taking into consideration the capabilities of its defense industrial and research and development bases.
2. Remove barriers to procurement or co-production of supplies produced in the other country or services performed by sources (herein referred to as "industrial enterprises") established in the other country. This includes providing to industrial enterprises of the other country treatment no less favorable than that accorded to domestic industrial enterprises. When an industrial enterprise of the other country submits an offer that would be the low responsive and responsible offer but for the application of any buy-national requirements, both Parties agree to waive the buy-national requirement.
3. Utilize contracting procedures that allow all responsible industrial enterprises of both countries to compete for procurements covered by this MOU.
4. Exchange information on pertinent laws, implementing regulations, policy guidance, and administrative procedures.
5. Give full consideration to all responsible industrial enterprises in both the United States and Italy, in accordance with the policies and criteria of the respective purchasing agencies. Offers must satisfy requirements for performance, quality, delivery, and cost. Where potential offerors or their products must satisfy qualification requirements in order to be eligible for award of a contract, each Party shall give full consideration to all applications for qualification by sources in the

other country, in accordance with the laws, regulations, policies, and procedures and international obligations of the procuring Party.

6. Provide information regarding requirements and proposed procurements in accordance with Article V of this MOU to ensure adequate time for industrial enterprises of the other country to qualify for eligibility, if required, and to submit an offer.
7. Ensure that technical data and defense items (defense articles and defense services) made available for use by its industrial enterprises by the other Party are not used for any purpose other than for bidding on, or performing, defense contracts covered by this MOU, except as authorized, in writing, by those owning or controlling proprietary rights.
8. Give full protection to proprietary rights and to any privileged, protected, export-controlled, or classified data and information. In no event shall such data, supplies or services be transferred to a third country or any other transferee without the express written consent of the originating Party.
9. Make every effort to avoid commitments that conflict with this MOU. If such conflicts should occur, the Parties agree to consult to seek resolution without impairment of activities under this MOU.
10. Annually exchange statistics demonstrating the total monetary value of defense procurements awarded to industrial enterprises of the other country during the prior year. An annual summary shall be prepared on a basis to be decided jointly.
11. Provide appropriate policy guidance and administrative procedures within its respective defense organizations to implement the provisions of this MOU.
12. Establish, at the request of the procuring Party, arrangements and procedures concerning follow-on logistics support of defense capability purchased through procurements covered by this MOU. Both Parties shall make their defense logistics systems and resources available for this purpose as required and decided jointly.

D. This MOU is not intended to and does not create any authority to authorize the export of defense items (defense articles or defense services), including technical data, controlled on the U.S. Munitions List or U. S. Commerce Control List, or in the case of Italy by virtue of the Law 185/1990, as amended, or on the European Union (EU) Common List of Military Equipment. Further, any export subject to the U.S. Arms Export Control Act and the International Traffic in Arms Regulations, or the U.S. International Emergency Economic Powers Act and Export Administration Regulations, and any other applicable laws and regulations governing exports, or in the case of Italy, subject to the Law 185/1990 and other applicable laws and regulations governing exports, must be compliant with all such laws, regulations, decrees, and guidelines.

E. A Party is not obligated to take a particular action under this MOU if the other Party does not take reciprocal action.

F. Nothing in this MOU may be cited to prevent the implementation of necessary export control provisions in individual cooperative project agreements or arrangements.

ARTICLE III Offsets

The Parties agree to discuss measures to limit any adverse effects that offset agreements have on the defense industrial base of each country.

ARTICLE IV Customs and Duties

To the extent consistent with their national laws and regulations and international obligations, the Parties agree that, on a reciprocal basis, they shall not include customs, taxes, and duties in the evaluation of offers and shall waive their charges for customs and duties for procurements to which this MOU applies.

ARTICLE V Procurement Procedures

- A. To the extent practicable, each Party shall publish, or have published, in a generally available communication medium a notice of proposed procurements in accordance with its national laws, regulations, policies, procedures and international obligations. Any conditions for participation in procurements shall be published in adequate time to enable interested industrial enterprises to complete the bidding process. Each notice of proposed procurement shall contain, at a minimum:
1. Subject matter of the contract;
 2. Time limits set for an application for solicitation or submission of offers; and
 3. An address from which solicitation documents and related information may be requested.
- B. Upon request, and in accordance with its laws, regulations, policies, procedures, and international obligations, the procuring Party shall provide industrial enterprises of the other country copies of solicitations for proposed purchases. A solicitation shall constitute an invitation to participate in the competition and shall include the following information:
1. The nature and quantity of the supplies or services to be supplied;
 2. Whether the procurement is by sealed bidding, negotiation, or some other procedure;
 3. The basis upon which the award is to be made, such as by lowest price or otherwise;

4. Delivery schedule;
5. The address, time, and date for submitting offers as well as the language in which they must be submitted;
6. The address of the agency that will be awarding the contract and will be responsible for providing any information requested by offerors;
7. Any economic requirements, financial guarantees, and related information required from suppliers;
8. Any technical requirements, warranties, and related information required from suppliers;
9. The amount and terms of payment, if any, required to be paid for solicitation documentation; and
10. Any other conditions for participation in the competition.

C. Consistent with its laws, regulations, policies, and international obligations, the procuring Party shall, upon request, inform an industrial enterprise that is not allowed to participate in the procurement process of the reasons why it is not allowed to participate.

D. Consistent with its laws, regulations, policies, and international obligations, the procuring Party shall:

1. Promptly provide notification to each unsuccessful offeror that includes:

- a. The name and address of the successful offeror;
- b. Items, quantities, and price(s) of each contract award; and
- c. The number of offers received.

2. Upon request, promptly provide unsuccessful offerors pertinent information concerning the reasons why they were not awarded a contract.

E. Upon request, the procuring Party shall provide additional information to any unsuccessful offeror dissatisfied with the explanation for rejection of its offer or that may have further questions about the award of the contract. The additional information shall, consistent with the procuring Party's laws, regulations, policies, procedures, and international obligations, include information on the characteristics and the relative advantages of the offer selected.

F. Each Party shall have published procedures for the hearing and review of complaints arising in connection with any phase of the procurement process to ensure that, to the greatest extent possible, complaints arising under procurements covered by this MOU shall be equitably and expeditiously resolved.

ARTICLE VI Industry Participation

- A. Implementation of this MOU shall involve both the Governments and the industrial enterprises of each country.
- B. Each Party shall be responsible for informing the relevant industrial enterprises within its country of the existence of this MOU.
- C. The Parties understand that primary responsibility for finding business opportunities rests with the industrial enterprises of each country.
- D. The Parties shall arrange for their respective procurement and requirements offices to be familiar with the principles and objectives of this MOU so that, consistent with their normal practices and procedures, those offices may assist sources in the country of the other Government to obtain information concerning proposed procurements, necessary qualifications, and appropriate documentation.

ARTICLE VII Security, Release of Information, and Visits

- A. Any classified information or material exchanged under the provisions of this MOU shall be used, transmitted, stored, handled, and safeguarded in accordance with the U.S. - Italy General Security of Information Agreement (GSOIA) of August 4, 1964, as amended September 2, 1982, and the Security Procedures for Industrial Operations Between the Government of Italy and the Government of the United States (Security Procedures), dated November 27, 1985, as amended January 27, 1988.
- B. Each Party shall take all lawful steps available to it to keep information exchanged in confidence under this MOU free from disclosure under any legislative provision, unless the other Party consents in writing to such disclosure.
- C. To assist in providing the desired protection, each Party shall mark such information furnished to the other Party with a legend indicating the country of origin, the security classification, the conditions of release, the fact that the information relates to this MOU, and, if unclassified, that it is furnished in confidence.
- D. Information provided by either Party to the other in confidence, and information produced by either Party pursuant to this MOU requiring confidentiality, shall be safeguarded in a manner that ensures its proper protection from unauthorized disclosures.
- E. In accordance with the GSOIA and the Security Procedures, each Party shall permit visits to its establishments, agencies and laboratories, and contractor industrial facilities, by employees of the other Party or by employees of the other Party's contractor(s), provided that the visit is authorized by both Parties and the employees have appropriate security clearances and a need-to-know.

F. All visiting personnel shall comply with security and export control regulations of the host country. Any information disclosed or made available to visitors shall be treated as if supplied to the Party sponsoring the visiting personnel and shall be subject to the provisions of this MOU.

ARTICLE VIII Implementation and Administration

- A. The Under Secretary of Defense (Acquisition, Technology and Logistics) shall be the responsible authority for the Government of the United States of America for implementation of this MOU. The Secretary General of Defense and National Armaments Director, Ministry of Defense, shall be the responsible authority for the Government of Italy for implementation of this MOU.
- B. Each Party shall designate points-of-contact to represent its responsible authority.
- C. Meetings to discuss problems arising under this MOU shall be called on an as-needed basis.
- D. The representatives of each Party's responsible authority shall meet on a regular basis to review progress in implementing this MOU. The representatives shall discuss the research and development, production, procurement, and logistics support needs of each country and the likely areas of cooperation in the acquisition of defense capability; annually review the procurement statistics exchanged, as agreed under Article II.C.10. of this MOU; identify any prospective or actual changes in national laws, regulations, policies, procedures, or international obligations that might affect the applicability of any understandings in this MOU; and consider any other matters relevant to this MOU.
- E. Each Party shall, as required, review the understandings established under this MOU in light of any subsequent changes to its national laws, regulations, policies, procedures, and international obligations, including but not limited to European Union directives and regulations, and shall consult with the other Party to decide jointly whether this MOU should be amended.
- F. Each Party shall endeavor to avoid commitments that could conflict with this MOU. If either Party believes that such a conflict has occurred, the Parties agree to consult to seek resolution.

ARTICLE IX Settlement of Disputes

Disputes between the Parties arising under or relating to this MOU will be resolved only by consultation between the Parties and will not be referred to a national court, an international tribunal, or to any other person or entity for settlement.

ARTICLE X
Amendments, Annexes, and Implementing Arrangements

- A. Additional annexes may be added to this MOU by written agreement of the Parties. Such Annexes shall be considered an integral part of this MOU.
- B. Implementing arrangements regarding the provisions of this MOU, including its Annexes, may be negotiated by appropriate representatives of each Party and shall enter into force upon signature. Such arrangements may involve procedural matters, administrative direction, and guidance, but shall not create any substantive rights or obligations involving any Party. Provisions of any implementing arrangement should be consistent with this MOU. In the event of a conflict between this MOU and any implementing arrangement, this MOU shall govern.

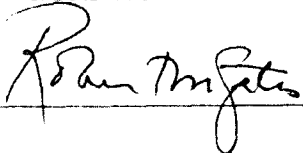
ARTICLE XI
Duration and Termination

- A. This MOU, which consists of eleven (11) Articles and one (1) Annex, shall enter into force 30 days after the date of notification by the Government of the Italian Republic of completion of the national measures necessary for this MOU to enter into force, and shall remain in force for ten (10) years unless terminated by the Parties. This MOU may be terminated by either Party upon six (6) months prior written notice to the other Party.
- B. On the date of entry into force of this MOU, the Memorandum of Understanding between the Government of the United States of America and the Government of Italy Concerning the Principles Governing Mutual Cooperation in the Research, Development, Production, and Procurement of Defense Equipment, dated September 11, 1978, as amended, shall terminate.

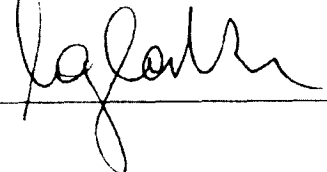
IN WITNESS WHEREOF, the duly authorized representatives of the Parties undersigned have signed this MOU.

Done in Washington, D.C. on the 20th October 2008 in two originals, in the English and Italian languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA,
THE SECRETARY OF DEFENSE



FOR THE GOVERNMENT OF THE
ITALIAN REPUBLIC,
THE MINISTER OF DEFENCE



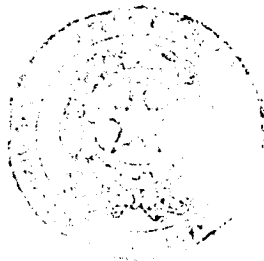
NOTIFICATION

The Government of the Italian Republic hereby notifies the Government of the United States of America that it has completed its national measures necessary for this MOU to enter into force, and that this MOU shall thereby enter into force on *[enter date 30 days after date of signature below by Italian official]*. **3 MAY 2009**

FOR THE GOVERNMENT OF THE ITALIAN REPUBLIC

AS *Andrea* Date: 3 APRIL 2009 Place: ROMA

UFFICIO GENERALE DELLA DISTRIBUZIONE
Amm. Sq. Andrea CAMPLEONER



ANNEX I

**REGARDING QUALITY ASSURANCE SERVICES TO
THE MEMORANDUM OF UNDERSTANDING
BETWEEN THE
GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF THE ITALIAN REPUBLIC
CONCERNING
RECIPROCAL DEFENSE PROCUREMENT**

ARTICLE I

Preamble

- A. The Department of Defense of the United States of America and the Ministry of Defense of the Italian Republic (hereinafter referred to as the "Parties") shall provide one another with reciprocal Government Quality Assurance (GQA) services for the procurement of defense materials and services, regardless of the method of purchase.
- B. In general, the responsibilities of the Parties under this Annex will be carried out by their respective quality assurance national authorities listed in Article VIII of the MOU (hereinafter referred to as the "Authorities"). The Authorities shall accomplish such GQA services without charge in accordance with established and documented laws, directives, regulations and procedures of their Governments.
- C. This Annex applies to contracts entered into after the effective date of this Annex, except as otherwise provided. However, a contract awarded by the Department of Defense after the effective date of this Annex, but which supports an FMS case that was entered into prior to the effective date of this Annex, continue to be covered by the provisions of Annex IV dated July 7, 1983.
- D. Notwithstanding any other provisions of this Annex, if special arrangements for GQA support are made under an international cooperative project in which the U.S. DoD and the Government of Italy participate, those special arrangements shall have precedence over this Annex.
- E. The objective of this Annex is to ensure that each of the Authorities is able to employ the most effective and efficient GQA process possible when acting under the provisions of this Annex.

ARTICLE II

Definitions and General Scope

- A. The following definitions apply to this Annex:
 - 1. Acquirer: Governmental organization or agency that enters into a contractual relationship with a Supplier and defines the product and quality requirements.
 - 2. Authorities: The National Authorities are defined as the Defense Contract Management Agency (DCMA) for the U.S. DoD and the Secretariat General of Defense and National Armaments Directorate for the Italian MoD.
 - 3. Classified information: Official information that requires protection in the interests of national security and is so designated by the application of a security classification marking. This Information may be in oral, visual, magnetic, or documentary form or in the form of equipment or technology.

4. **Controlled Unclassified Information:** Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. It could include information that has been declassified but remains controlled.
5. **Delegator:** The representative authorized by an Authority to request GQA support from the other Authority.
6. **Delegatee:** The representative authorized by an Authority to ensure GQA support is performed on behalf of the other Authority.
7. **Government Quality Assurance (GQA):** The process by which the appropriate national Authorities establish confidence that the contractual requirements relating to quality are met by the Supplier.
8. **Government Quality Assurance Representative (GQAR):** The representative authorized by an Authority to perform GQA at the Supplier's facilities on behalf of the Delegator in accordance with an RGQA.
9. **Request for Government Quality Assurance (RGQA):** The formal written request of the Delegator to the Delegatee to perform GQA on a defense contract.
10. **Supplier:** A company or contractor that acts in a contract as the provider of products to the Acquirer.

B. Referenced documents (most recent edition):

1. NATO Standardization Agreement (STANAG) 4107 - Mutual Acceptance of Government Quality Assurance and Usage of the Allied Quality Assurance Publications.
2. Allied Quality Assurance Publication (AQAP) 2070 – NATO Mutual Government Quality Assurance (GQA) Process.

C. An RGQA under this Annex shall normally be restricted to those cases in which quality cannot be verified satisfactorily after receipt of the deliverables of a contract or where GQA support at source is otherwise considered essential. GQA should not normally be requested for non-complex, non-critical, or low-risk products or contracts.

D. Purchases by Italy from the United States under the U.S. Foreign Military Sales (FMS) Program shall be in accordance with the U.S. Arms Export Control Act and associated regulations, policies, and procedures.

FMS purchases are U.S. Government (Acquirer) contracts and do not normally require an RGQA to be initiated by the Italian purchaser. As a minimum, such FMS purchases shall be afforded the same GQA support as the U.S. DoD invokes for similar procurements that it makes for its own use. However, where special or specific GQA requirements are necessary for FMS purchases, the requirements shall be communicated directly to the U.S. Government Acquirer who shall forward those

special or specific GQA requirements to the Defense Contract Management Agency (DCMA). If assistance is required by the Italian Delegator, he or she shall contact the DCMA DOD Central Control Point directly.

For all other defense-related contracts issued by the United States or Italy, *e.g.*, direct procurements of defense products, either Authority may request the other Authority to provide GQA services based on the process described in AQAP 2070.

- E. Each Authority shall identify a Central Control Point (CCP) for receipt of the RGQA. The CCP contact information (*i.e.*, mailing address, email address, phone numbers, etc.) shall be maintained and kept current in NATO STANAG 4107.
 - 1. Requests by the United States for GQA services in Italy shall be sent via DCMA Southern Europe to the MINISTERO DELLA DIFESA-SEGRETARIATO GENERALE DELLA DIFESA E DIREZIONE NAZIONALE DEGLI ARMAMENTI – VI Reparto-Via XX Settembre 123A, 00187 Roma, Italy.
 - 2. Requests by Italy for GQA support in the United States shall be sent to the DCMA DOD Central Control Point - 6350 Walker Lane, Suite 300, Alexandria, VA 22310-3226 - USA
- F. Each Authority shall be responsible for arranging for the performance of the required GQA support by its appropriate national organization.
- G. Where GQA support on major programs or projects is contemplated, the Authorities shall consider conducting a joint GQA requirements review and planning meeting to ensure contractual requirements are thoroughly understood and to jointly plan GQA .
- H. The Authorities shall endeavor to keep each other well informed regarding their GQA practices and resources to help ensure that requests for GQA support are reasonable and prudent. Continuous GQA process improvement efforts and opportunities shall be shared between the Authorities.
- I. The Authorities may perform other necessary contract administration functions (*e.g.*, government property surveillance) through their own representatives, including GQA functions not delegated in an RGQA. In such cases, the Delegator or purchasing Authority shall inform the other Authority in order to avoid duplication of work.
- J. Visits by representatives of the Acquirer's Authority to its Supplier's plant shall be coordinated with the Delegatee's Authority, which shall have the right to accompany the visiting representatives. The Acquirer's access to its suppliers, subcontractors, and their records, as may be authorized contractually, shall not be impaired or affected in any other way by the provisions of this Annex.

ARTICLE III GQA Delegation Process

- A. The procedures and processes of NATO Standardization Agreement (STANAG) 4107 - Mutual Acceptance of Government Quality Assurance and Usage of the Allied Quality Assurance Publications, and Allied Quality Assurance Publication (AQAP) 2070 - NATO Mutual Government Quality Assurance (GQA) Process, shall be used when:
 - 1. Either Authority is requesting GQA services from the other Authority.
 - 2. Either Authority is performing GQA services on behalf of the other Authority.
- B. When GQA support is contemplated, the Delegator shall ensure:
 - 1. Authorization (usually by contract or purchase order) is provided for GQAR access to the supplier or subcontractor's facilities and records, and the use of supplier or subcontractor assets, as necessary for the performance of GQA.
 - 2. Appropriate quality assurance standards are imposed by the contract and/or subcontract. Contractual QA standards are not limited to contractual Allied Quality Assurance Publications (NATO AQAPs). These QA standards may include AQAPs, ISO 9001 or AS/EN 9100, Military QA standards, National QA standards, or similar standards.
 - 3. When non military QA standards are used in a contract and/or subcontract, additional GQA requirements shall be specified as necessary on the RGQA.
- C. To the greatest extent possible, the RGQA shall be risk-based. Each Authority shall use its own national practices to identify the specific risks whose mitigation the Delegator requires to be influenced by GQA or the specific risk-related tasks the Delegator requires to be performed. The risks and/or risk-related tasks shall be documented in the RGQA. A copy of the risk assessment is not required to accompany each RGQA.
- D. Where the Acquirer has identified and/or imposed mandatory GQA requirements, these requirements shall be identified as such in the RGQA.
- E. Critical product characteristics or processes that may require a more intensive GQA approach (other than risk-based) shall be coordinated with the Delegatee in advance of issuing an RGQA. It is the Delegator's responsibility to identify in the RGQA the critical characteristics or processes requiring GQA activities. The Delegatee may propose an alternative GQA approach.
- F. Normally, The Delegatee shall acknowledge receipt of an RGQA within 5 working days of receipt and shall either accept or reject the RGQA within 20 working days of receipt. Immediately upon acceptance of an RGQA, the Delegatee shall plan and implement the GQA activities.
- G. Rejection of an RGQA shall be on an exception basis only and shall be limited to unusual circumstances. Should it be necessary to reject an RGQA, the Delegator shall be formally notified and provided the rationale, in writing, as to why the RGQA was

rejected. The Delegatee should propose an alternative GQA approach in lieu of rejecting the RGQA.

- H. The Delegator may modify an RGQA during contract performance after consultation with the Delegatee. Based on knowledge of the supplier's current or past performance, the Delegatee shall advise the Delegator when the risks/tasks identified on the RGQA are considered unwarranted, excessive or insufficient. The Delegator is the final authority for defining the GQA requirements.
- I. If the requirements in the RGQA include functions beyond the current technical capabilities or resource capacities of the Delegatee, the Delegatee shall immediately notify the Delegator. In such cases, the Delegatee shall not procure technical experts or additional resources needed to perform those functions without the written consent of the Delegator. The Delegator shall make other arrangements for the performance of the RGQA.
- J. The responsibilities of the Authorities' representatives associated with subcontract delegations and deviation permits and concessions shall be as defined in AQAP 2070.
- K. The Delegatee shall maintain records of all GQA activities performed in support of the RGQA. Unless otherwise stated in the RGQA, record retention periods shall be in accordance with national practices. GQA records shall be made available to the Delegator upon request.
- L. If at any time during the course of the performance of GQA the Delegatee cannot proceed with GQA, the Delegatee shall so advise the Delegator of the facts as expediently as possible. Situations warranting notification shall include, but are not limited to:
 - 1. Deficiencies in the Supplier's quality management system, processes, or product.
 - 2. Deficiencies expected to be a cause of excessive contract delivery delay.
- M. The Delegatee shall inform the Delegator at RGQA completion.
- N. The Acquirer shall retain final authority over contract interpretations and enforcement actions, and it shall advise the assigned GQA support office in a timely fashion on such matters.

ARTICLE IV Responsibility and Liability

- A. Nothing in this Annex shall relieve the Supplier of any responsibilities under the contract. No liability shall attach to the Government (including the Authority), its officers, or its representatives acting under this Annex on behalf of the other Government.

- B. Should defective materials or services be detected subsequent to delivery, the Delegatee shall assist the Delegator in the investigation of such defects.

ARTICLE V
Security and Protection of Information

- A. Any classified information, data, or material exchanged under the terms of this Annex shall be protected in accordance with each Government's national laws and regulations for the protection of such information and the current security agreement between the Department of Defense of the United States and the Ministry of Defense for Italy for the protection of classified information.
- B. The highest level of classified information that will be disclosed under this Annex will be consistent with (1) the terms of the RGQA and the contract under which GQA services will be performed, and (2) the security agreement between the United States and Italy for the protection of classified information that is in effect at the time.
- C. Each Government shall take all lawful steps available to it to keep information exchanged in confidence under this Annex free from disclosure under any legislative provision, unless the other Party consents in writing to such disclosure.
- D. To assist in providing the desired protection, each Government shall mark such information furnished to the other with a legend indicating the country of origin, the security classification, the condition of release, and, if unclassified, the fact that the information relates to this Annex and that it is furnished in confidence.
- E. Unclassified information provided by either Government to the other in confidence, and information produced by either Government pursuant to this Annex or the MOU requiring confidentiality shall be safeguarded in a manner that ensures its proper protection from unauthorized disclosure.
- F.
 - 1. If the Delegatee requires access to Controlled Unclassified Information (CUI) (e.g., export controlled drawings and specifications) in order to perform the required GQA surveillance at the Supplier's plant, the CUI will be provided, controlled, and protected in accordance with the Parties' national laws and regulations, including export control laws and regulations.
 - 2. Both Governments recognize that it is the Supplier's responsibility to comply with export control laws and regulations. Host nation GQA personnel are not responsible for performing oversight or surveillance of a Supplier's compliance with export controls or export licenses.
- G. In the event of termination or expiration of this Annex, the provisions of this Article shall continue to apply.

ARTICLE VI

Charges

- A. GQA services provided under this reciprocal Annex shall be provided free of charge, subject to a joint review under Article VII of this Annex of the services being exchanged. If, as a result of a joint review, either Authority determines that charges shall be necessary, charges may be imposed after not less than twelve months advance notice.

In the event of unusually heavy resource effects being incurred, appropriate charges may be negotiated. The expenses for product expended during the performance of GQA either on contracts or subcontracts (e.g., destructive testing, live firing tests, etc.) shall be borne in accordance with arrangements made between the contracting parties.

ARTICLE VII

Review and Revision

- A. This Annex shall be jointly reviewed by the Authorities at not less than three-year intervals. However, if considered necessary by either Authority, a joint review may be initiated at any time during the intervening years. The review shall ensure that the provisions of this Annex are being effectively implemented, that the quality of services being provided continue to meet the needs of the Authorities, and that general reciprocity is being maintained. Based on the review, the Annex shall be revised as necessary.
- B. The Authorities are responsible for managing and continuously improving their implementation of the reciprocal GQA process.

ARTICLE VIII

Duration and Termination

- A. This Annex shall enter into force upon the entry into force of the Reciprocal Defense Procurement (RDP) MOU and shall remain in force for the duration of the term of the RDP MOU unless terminated by the Parties.
- B. Either Authority may terminate this Annex by providing written notification of its intention to the other Authority six months in advance of the effective date of the termination.
- C. Unless otherwise agreed, if either Authority terminates this Annex, GQA services shall continue to be provided until contract completion for those contracts for which GQA support is being provided under this Annex.
- D. Any misunderstanding regarding the interpretation or application of this Annex shall be resolved by consultation between both Authorities and shall not be referred to an international tribunal or third party for settlement.